



## A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX EXEMPTIONS.

BE IT ORDAINED by the People of the City and County of Honolulu:

**SECTION 1.** Findings and purpose. The City Council finds that various incentives, such as the federal community development initiative called the Opportunity Zone Program established by Congress in the Tax Cuts and Jobs Act of 2017, present an opportunity for the rehabilitation and restoration of property in Chinatown, including the City's aging affordable housing and commercial properties.

The purpose of this ordinance is to encourage investment in Chinatown through the provision of a real property tax exemption for the purchase of City-owned properties in Chinatown in conjunction with Opportunity Zone tax tools, and other economic development initiatives like New Market Tax Credits, Enterprise Zones, and Transit Oriented Development (TOD) Zones.

**SECTION 2.** Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Exemptions"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

**"Sec. 8-10. Exemption—Chinatown properties purchased from the city."**

(a) For purposes of this section, unless the context otherwise requires:

"Chinatown" means the area within census tract 52, which includes:

(1) The area bounded by the following street segments:

Starting at the intersection of North Nimitz Highway/Nuuanu Avenue; Nuuanu Avenue to the intersection of Nuuanu Avenue/North Beretania Street; North Beretania Street to the intersection of North Beretania Street/River Street; River Street to the intersection of River Street/North Nimitz Highway; North Nimitz Highway to the intersection of North Nimitz Highway/Nuuanu Avenue; and

(2) The parcels on the makai (south) side of North Nimitz Highway between River Street and Nuuanu Avenue, identified by the following Tax Map Keys: a portion of 2-1-001:042, 2-1-001:043, 2-1-001:044, 2-1-001:045, 2-1-001:046, 2-1-001:047, a portion of 2-1-001:048, 2-1-001:049, 2-1-001:050, 2-1-001:051, 2-1-001:052, and 2-1-001:053.



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"Department" means the department of budget and fiscal services.

- (b) Real property purchased from the city shall be exempt from real property taxes; provided that:
- (1) The property is located in Chinatown and is proposed for rehabilitation through an Opportunity Zone Fund. "Opportunity Zone Fund" means a private sector investment vehicle that invests in Opportunity Zones pursuant to the Opportunity Zone Program established by Congress in the Tax Cuts and Jobs Act of 2017;
  - (2) This exemption applies only after the sale of the property is complete;
  - (3) The purchase and sale agreement is finalized after the effective date of this ordinance and before March 31, 2020;
  - (4) The claim for this exemption is filed with the department on or before September 30th preceding the beginning of each tax year for which the exemption is claimed on a form prescribed by the director and is supported by documentation required by the director; and
  - (5) Use of the property complies with all regulatory agreements, if any, and restrictions contained in the purchase and sale agreement, such as the preservation of affordable housing units within a designated income range.
- (c) In the event the director finds that the initial claim for exemption contains false or fraudulent information or that the use of the property is not in compliance with all regulatory agreements or other restrictions contained in the purchase and sale agreement, the director shall cancel the real property tax exemption retroactive to the date the exemption was first granted, and the property will be subject to the real property taxes which would have been due but for the exemption allowed, together with a \$500 penalty per year of violation and interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property."

SECTION 3. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the underscoring.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_  
BILL **23 (2019)**

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SECTION 4. This ordinance takes effect upon approval and applies to tax years beginning July 1, 2020 for a period extending between July 1, 2020 to June 30, 2027. Section 8-10. \_\_, Revised Ordinances of Honolulu, enacted by Section 2 of this ordinance, as it may be amended, will be repealed on July 1, 2027.

INTRODUCED BY:

*Carol Fukumasa*

DATE OF INTRODUCTION:

**APR 24 2019**

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

\_\_\_\_\_  
KIRK CALDWELL, Mayor  
City and County of Honolulu

**FILED**  
**APR 24 2021**  
PURSUANT TO ROW Sec. 1-2.4